

1955

File No. 6730/360

B CLASS

DEPARTMENT

FI. BRANCH

I

Subject:— Grid System of Electricity
Bill for—

BL 44

File No.

Etd. Sect. Slip. 24 A

6730/360-I-EI

G. R., G D., No. 2408, dated 22-5-22.]

Correspondence

DOCKET SHEET (B)

Subject :—

File No.	6730/36 (1)
P.W.	DEPT.
E.I.	BRANCH.

References :—

Original is kept for Maharashtra

Date.	To whom sent.	Notes and instructions.

M. B.

Submitted with ref. to the notes on pp. 19-21 ante.

2. The point at issue in these papers is whether Mr. N.B.Gadre, I. S. E., Ex.Engr., and Mr. Gupta, Asstt. Dir. of Industries, may be put on spl. duty for a period of 3 months in the first instance to make a comprehensive surveys of the possibilities of developing Hydro-Electric Schemes throughout the Presy. or whether a Technical Committee comprising say the Dir. of Industries and the El. Engr. to Govt. with Mr. N.B.Gadre, I. S. E. and one senior officer of the El. Brs. to help it in the hydro part of work and electrical part of work respectively may be appointed to make a survey of the entire field of supply of electrical energy over the Province with a view to see as to what steps should be taken to cheaper electricity, specially for industrial and agricultural uses by such methods as the establt. of new central thermal power houses, etc., as suggested by the Dir. of Industries. This point was submitted for the orders of the H.M., P.W.D. and from his note it appears that he adheres to his original idea of placing two officers on spl. duty one Mr.Gadre and the other Mr. Advani in place of Mr. Gupta.

3. As stated in para.2 above the original intention of placing the two officers on spl.duty is that they should make a comprehensive survey of the possibilities of developing hydro-electric schemes throughout the Presy. Mr. Advani has prepared a note on 'Development of Power Resources' at the instance of the H.M., L.S.G. & in that note he has expressed an opinion that in the province of Bombay the electrical generation and supply industry has reached a stage when a co-ordination and some action somewhat on the lines of England where Govt. have established a body called 'Electricity Commissioners' who have now the control of the electric generation and supply business is both desirable and necy. He considers that this step is necy. in order to make electric energy available at very cheap rates to cottage and small scale industries scattered all over the rural areas. He therefore suggests that a survey at any rate should be made of the entire power resources of this province with spl. reference to the possibility of establishing big central thermal and hydro power houses to generate electricity at cheap economic rates and putting up a

grid system interlinking the various power houses in the province and making electrical energy available both in the urban and rural areas at cheap rates. He also suggests that this survey should also cover the question of the possibility of bringing into existence a central board of control which can issue debentures under guarantee of Govt. to take over from time to time control of the various electrical power houses and undertakings. Mr. Advani has stated inter alia in his u.o.r. with in that the development of the remaining water resources, even if most of them could be developed economically, will not by itself achieve the object of cheapening electrical energy everywhere.

4. In the circumstances mentioned in the foregoing para., it is for consideration whether the officers, who may be placed on spl. duty, may be asked to make a survey of the entire power resources of this province with spl. reference ~~to~~ ~~in this case~~ to the possibility of establishing big central thermal and hydro power houses to generate electricity at cheap economic rates, putting up a grid system interlinking the various power houses in the province and making electrical *very available* both in the urban and rural areas at cheap rates.

5. The Secy., G. D., has opined that the survey should confine itself to investigating the possibilities of starting more power schemes and impts. in the system of distribution by grids. He considers that a committee appointed for this purpose is not competent to express opinion on matters that are financial and state policy in respect of Coys. supplying current and power now. In view of this the officers on special duty may not perhaps be asked to consider the question of the possibility of bringing into existence a central board of control which can issue debentures under guarantee of Govt. to take over from time to time control of various electric power houses and undertakings. This question may be considered after the report of the officers on spl. duty is received and considered.

6. The S. Es. of Circles and the El. Engr. to Govt. may be asked to render such help to the officers on spl. duty as is asked for by them from time to time.

7. The period of the spl. duty of the officers may be fixed for a period of three months in the first instance as intended.

8. All applications for licenses have been held up at present pending decision of Govt. in respect of revision of certain conditions recently imposed. In para. 3 of his u.o.r. on p. 10 ante Mr. Advani has recommended that if his suggestion of the apptt. of the committee is approved no area licenses for supply of electrical energy may be given till the committee's report has been considered by Govt. It is for consideration whether this recommendation may be approved in view of the nature of the work proposed to be entrusted to the officers on spl. duty - vide para. 4 overleaf.

9. As it is proposed to place Mr. Advani on spl. duty these papers are reqd. to be shown to the G. D. The F. D, is also reqd. to be consulted. Perhaps the El. Engr. to Govt. may also be shown these papers. Before doing so, the presumption contained in the concluding sentence of para. 2 of this note may be got confirmed by the H.M., P.W.D.

Id/-
4-6-38

Thro. E. B.
211-6/6/38

The work of the Committee will presumably be of the nature of preliminary investigations concerning all the hydro-electric power resources of the Province and of recommending certain schemes found suitable for immediate adoption. It would therefore perhaps be unnecessary to place the two officers on special duty, as they will have to assist the committee on certain aspects of the question only. I think Mr. Gadre can do this in addition to his present duties.

3d/-
7-6-38

As I read this case H.M., P.W.D. ^{notes} appears of the appl. of the committee suggested by the dir. of Industries note page 10 ante ^{consisting} ~~consisting~~ of himself ^{and} ~~to~~ the El. Engrs. to Govt. with as Ex. Engrs. (Mr. Gadre) of the P.W.D. a suitable officer file G.C. Deptt. to assist in working at ^{only} ~~detect~~ as ^{other} ~~add~~ ~~when~~ found necessary.

Draft rules appointing such a committee should therefore be put up as personally instructed and submitted for approval. The terms of reference will be more or less ^S ~~there~~ suggested by the Dir. of Industries.

Id/-
7-6

M. B.

Resubmitted with the necy. draft for approval
as verably directed by the Dy. Secy.

2. Usually each Committee has its Chairman and Secy. As the committee in this case is to consist of two members there is no scope for appointing a Chairman and a Secy. from the members thereof. In these circumstances para. 1 of the draft Reso. put up is for orders.

3. Pl. see para. 5 of the Office Note dated the 4th June 1938. As proposed there in the question of the possibility of bringing into existence a central board of control which can issue debentures under guarantee of Govt to take over from time to time control of various electric power houses and undertakings may not be referred to the El. Engr. to Govt. and the Dir. of Industries. It may be considered after their report is received.

4. After the papers are recd. back from the H. H., P.W.D., they will be shown u.o. to the El. Engr. to Govt., the G. D. and the F. D.

Id/-

8-6-36

Thro. E.B.

2272/36

Survey of the entire
power resources of the
province of Bombay -
Orders in con. with the -

Govt. of Bombay.

P. W. D.

Reso. No. 2272/36 ~~Ind. 1938~~

Bombay Castle, 27th July 1938.

RESO. OF GOVT.

Govt. are pleased to direct that the El. Engr. to Govt. and the Dir. of Industries should jointly make a survey of the entire power resources of the Province of Bombay with special reference to the possibility of establishing big central thermal and hydro power houses to generate electricity at cheap and economic rates and to put up a grid system interlinking the various power houses in the Province of Bombay to make electrical energy available both in urban and rural areas at cheap rates and to

submit their joint report as expeditiously as possible. They may consult representatives of important existing electric schemes of the type/ they may have under consideration if they think it necy.

2. The services of an officer of the Irrign. Deptt., P. W. D. (Mr. N. B. Gadre I. S. E.) and a suitable officer of the Electrical Deptt. will be placed at the disposal of the El. Engr. to Govt. and the Dir. of Industries to assist them in working out the details of any scheme when such assistance is found necessary. Due notice should be given when the services of such officers are required so that their relief may be arranged.

3. All Comrs. and S. Es. should give such help to the El. Engr to Govt. and the Dir. of Industries as is asked for by them from time to time.

To

The F.D.

The G.D.

The R.D.

The Secy. to the Govr. start the work at once.

All Comrs.

All S. Es.

Id/-

The El. Engr. to Govt. 8-6-38

By order of the Govr. of Bombay,

The Dir. of Industries

The Dir. of Information To the El. Engr. to Govt., the G.D. and the F.D. to see.

(for communication of the Press)

The A.G., Bombay

All Collrs.

All Ex. Engrs.

N. B. Gadre Esq., A. M. I. E. (Ind.) B. E., I. S. E.

Id/-

B. K. R.

8-6-38.

8-6-38

5/3

Id/-

8/6

Id/-

8/6

Id/-

10/6

Id/-

11/6

Id/-

13/6

u. o. r. to the El. Engr. to Govt. the G.D. and the F. I
(in succession dt. 14th June 1938.

El. Br.

Submitted.

E :

2. The ~~El. Engr.~~ ^El. Engr. to Govt. was requested to submit in consultation with the Director of Industries, concrete proposals for setting up the grid system in the light of the notes recorded by the late Secy. and A(F) within. That officer has now submitted a draft Bill reg. - - - constitution and general powers of - - - Central Electricity Board.

3. The Bill has been based upon the idea of supply of electrical energy to licensees by means of a linked up system of extra high pressure transmission lines fed by the minimum number of large generating stations and the Board is proposed to effect this. It follows very closely the provisions made in the English Electricity (Supply) Act, 1926.

4. The structure of the Bill is outlined in the following paras. The first clause of the Bill gives title to it and the second deals ~~with~~ with interpretation of certain expressions.

Establishment of the Board.
(Clause 3).

5. The Board is to consist of a Chairman and six Members appointed by Govt. It is to be a body corporate with power to hold land without license in mortmain (clause 3(6),) It will have power to determine the strength of its own staff and the questions relating to their pay, pension and gratuities. It will not be responsible to Govt.

Duty of the Board (Clauses 4 and 12)

6. The Board is to be charged with the duty of purchasing in bulk, generating the supplying electricity to authorised licensees, and where necy., direct to consumers. As soon as the Board is in a position to supply electricity, it comes under an obligation to supply, either directly or indirectly, to any authorised undertakers in the specified area or part, such an amount of electricity as they require for their undertaking at a price ascertained in accordance with the provisions of clauses 13 and 14, of the Bill. This obligation is subject to certain conditions and limitations vide clause 12

Constitution of Technical Committees
(Clause 5).

7. The Board may appoint one or more consultative technical committees of engineers of -- undertakings comprising 'selected' stations.

Schemes. (Clause 6).

8. The objects for which the Board is to be established are to be effected by the adoption by the Board of schemes relating to the areas specified therein. Schemes dealing with the generating stations, interconnection, standardization of frequency, temporary arrangements to be in force during the carrying out of the works and supplemental, incidental and consequential provisions as necessary or expedient are to be prepared by the Board's Chief Engr. After following the procedure laid down in sub-clause (2) of clause (6) the Board may adopt the scheme with or without modification and either generally or as respects part of the area specified in the scheme. As soon as a scheme is so adopted and published it is the duty of the Board to carry out and give effect to it subject, however, to the right of any licensees on whom obligations are imposed by the scheme, and who consider that the carrying out of those obligations would be prejudicial to them, to require the Board to refer the matter complained of to arbitration.

A scheme may from time to time be altered or extended by a scheme made and adopted in a like manner and subject to the like right of appeal as the original scheme, but a generating station included in a scheme as a selected station shall not cease to be a selected station without the consent of the owner.

A Railway generating station operated by a railway coy. at the date of the passing of the Bill, a generating station belonging to any other owners and operated by the owners at the same date and a private generating station cannot be included in a scheme as a 'selected' station without the consent of the owners. Nor can they be required to enter into any temporary arrangements under a scheme. Their main transmission line also cannot be acquired without their consent.

Selected Stations (Clause 7).

9. Existing generating stations become 'selected' stations and the Board has to make arrangements with the owners for the operation of the stations in accordance with the provisions of

the Bill and for such extensions and alteration may be reqd. by the scheme or directed in addition by the Board. If, however, the owner consider that such additional directions impose up on them as unreasonable financial burden, provision is made for arbitration.

New Selected Stations (Clause 8).

10. Where a new generating station is reqd. by the scheme, the Board may arrange with any licensee in, or in the neighbourhood of, whose area of supply the station is to be situated, for the provision of the station. If it is unable to do so, it may provide it itself and operate it or make arrangements with any licensees or other company or person to operate it.

Owners of selected stations (Clause 9).

11. The owners of a selected station must from a date fixed by the Board operate the station so as to generate such quantity of electricity, at such rates of out put and at such times as the Board may direct. These operations must be conducted with due regard to economy and efficiency. The owners are required to sell to the Board all electricity generated and they are entitled to be supplied by the Board from the station with such amount of electricity as they may require for the purposes of their undertaking not exceeding the amount generated at the station. Provision for determination of the price of electricity has been made. In the case of difference arising in respect of the cost of production between the Board and the owners the question is to be determined by the auditor to be appointed by Govt., the difference in other respects being determined by Govt.

Main Transmission Lines (clauses 10 and 21).

12. The Board is to construct the main transmission lines required for the interconnection of selected stations with one another and with the systems of licensees. A main transmission line belonging to any licensees which is to be acquired by the Board is to be vested in the Board on notice being given by the Board to the licensees and on payment or tender of the price determined in accordance with the First Schedule; but order to that effect is to be made by Govt. Provision is made for the defraying by the Board of the reasonable expenses incurred by licensees in the necessary alteration or replacement of switch gear, etc. Any differences arising between the Board and the licensees in the matter is to be refd. to an arbitrator to be appointed by Govt.

The Board may, by agreement with any licensees or other persons, use any main transmission lines of those licensees or persons for such time and upon such terms as may be agreed upon subject in the case of licensees to the I.E. Act, 1910 and the license relating to the undertaking.

Standardisation of Frequency
(Clause 11).

13. The Board can require any licensees or the owners of any selected scheme to amend or alter the frequency employed in their undertaking or station if and so far as such amendment or alteration is required -

- (i) to effect the standardisation of frequency provided by scheme;
- (ii) to effect such standardisation of frequency as the Board with the approval of the El. Insp. to Govt. may think expedient.

subject to the payment by the Board of any expenses properly incurred in carrying out such requirements into effect. Provision is made for the determination of the amount of expenses either by Govt. or by an arbitrator to be appointed by Govt.

The Board will, if required, advance free of interest the necy. money and the licensees or owners are required and authorised to comply with the Board's requirements.

Tariff (Clause 13).

14. The price to be charged by the Board for electricity supplied directly to licensees is to be in accordance with a tariff, to be fixed by the Board from time to time and this tariff is to be fixed so that over a term of years (to be approved by Govt.) the receipts on income account shall be sufficient to cover the expenditure on income amount, including interest and sinking fund charges, with such margin as the Board may allow.

Price of indirect supply in bulk
(Clause 14).

15. A supply is recd. indirectly from the Board when it is received from licensees who themselves receive a supply from the Board. These licensees giving a supply of electricity in bulk to any other licensees or for a supply for haulage or traction purposes to a railway company are to charge on the same lines as those upon which they themselves receive the supply directly or indirectly together with such charges and allowances for any transmission line used for the purpose of the supply as are mentioned.....

in the third schedule not withstanding anything in the special Act or Order relating to their undertaking. Any question arising as to the amount of the price to be so charged is to be determined by Govt. The price charged for any supply of electricity given in pursuance of a contract made before the passing of the Bill is not to be effected.

Power to close generating stations
(Clause 15).

16. If the cost of the supply on the terms offered by the Board is found below the then ^{prevailing} cost of generating electricity to the licensees and if the licensees refuse or do not agree to take supply from the Board directly or indirectly Govt. may require them to shut down their stations as a generating stations and take their supply in bulk from the Board. Certain procedure is prescribed in this connection. Provision is made for arbitration on the question whether the cost of production substantially exceeded what would have been the cost of purchase. In calculating the cost of production no account is to be taken of capital charges for capital expended on station.

Powers of Licensees (Clause 16).

17. Where the Board is authorised or required to enter into arrangements with licensees for any purpose, those licensees will carry out such arrangements notwithstanding anything in any special Act or Order or any other instrument regulating the constitution or their powers.

Contracts affecting transferred
property (Clause 17).

18. Where contracts are in force for the construction, extension or repair of a generating station or main transmission line acquired under the Bill, the right and liberties of the owners thereunder are transferred to the acquiring authority.

Where a generating station contains plant that forms an essential part of the distribution system of the owners, that plant remains the property of the owners when the station is acquired and the owners retain right of access so long as electricity is supplied from the station for distribution.

Consents (Clause 18).

19. Nothing in the Bill is to relieve the Board or licensees or other persons concerned from the necessity of obtaining any consent or approval of Govt. or the El. Inspr. that would be otherwise necessary under the I.E. Act, 1910 and the I. E. Rules, 1937.

Govt. or the El. Insp. in determining whether to ~~xx~~ give or withhold consent or approval are to have regard to the provisions of this Bill and the effect of any scheme or proposed scheme thereunder.

The Board as Licensees
(Clause 19).

20. The Board is to be deemed to be licensees and licensees within the meaning of the I.E. Act, 1910 subject to such exceptions and modifications as may be prescribed by regulations made by Govt. Before such regulations come into force, it is necy. to lay them before each House of Legislature for a period of not less than 30 days.

Acquisition of land by Board
(Clause 20).

21. The Board may acquire by agreement land easements, ⁺servitudes and other rights in and over land for the purpose of any of their powers and duties under the Bill, including the construction of main transmission lines in like manner as a local authority being licensees may acquire.

It is also proposed that the Board may be authorised to acquire compulsorily for the same purpose land (other than land held for the purpose of a railway, canal, inland navigation, dock or harbour undertakings) and rights in and over such land in like manner as local authorities being licensees may be authorised to acquire land under the Land Acquisition (Amendment) Act, 1923. for the purpose of a generating station, so long as the object sought to be attained cannot consistently with economy and efficiency be attained by the acquisition of a way-leave in accordance with the provisions of the Land Acquisition (Amendment) Act, 1923.

The Board is to be deemed to be a public authority for the purposes of the acquisition of land.

Surplus electricity and energy
(Clause 22).

22. The Board may purchase surplus electricity produced by the utilisation of water power, waste heat, or ^{wise} otherwise, from any local authority, company or person producing it on such terms as may be agreed and it may be authorised by Govt. to exercise such powers (including the powers to break up roads, railways, and tramways) as may be necy. for the purpose of

conveying the electricity.

.JVOU Yd ebsm

Protection of Govt. Observatories
etc. (Clause 23).

23. Provision is made to protect any Govt. Observatory or Laboratory existing on the date of passing the Bill from any injurious effects by construction, use, etc., of any generating station etc.

Annual Report, Statistics and
Returns (Clause 24).

24. Provision is made for the submission of the above by the Board to Govt. in such form and manner as may be prescribed by Govt.

Finance (Clause 25- 29).

25. All sums received by the Board are to be paid into a separate fund and out of this fund all salaries, allowances, etc., to the members and staff of the Board and all expenses incurred by the Board are to be paid. Any expenses and liabilities incurred by Govt. preliminary to the preparation of the scheme before this Bill is passed are also to be defrayed to Govt. with interest.

With the consent of Govt. and subject to the regulations to be made by Govt. the Board may borrow for the following purposes:-

- (a) The construction or acquisition of main transmission lines, generating stations, and other works,
- (b) Any other payment or permanent work the cost of which in the opinion of Govt. ought to be spread over a term of years (including interest on capital borrowings during the unremunerative period).
- (c) Working capital;
- (d) Any other purpose for which the Board is by the Bill authorised to borrow.

Money borrowed, together with the interest thereon, may be charged on the undertaking and revenues of the Board or any specific property and is to be repaid within such period not exceeding 60 years as Govt. may determine.

The maximum amount which the Board may borrow (otherwise than to pay off loans previously raised) is Rs. 7 crores. The Board may only exceed this amount when authorised by a special order of Govt. approved by the Legislature.

Any annual provision for repayment may be suspended, while the relevant expenditure is unremunerative, for such period (not longer than 5 years) and subject to such conditions as Govt. may determine.

The Board may issue Bombay Electricity Stock charged on the undertaking and all the revenues of the Board. The Stock is to be issued, transferred, dealt with and redeemed according to regulations

made by Govt.

Govt. may guarantee the interest or principal, or both of any loan proposed to be raised by the Board to an aggregate amount of Rs. 7 crores. So long as the guarantee is in force Govt. will have to lay before both Houses of Legislatures every year within one month after the thirtyfirst March a statement of guarantee (if any) given during the year ended on that date and an account up to that date of the total sums (if any) which have been either issued under clause 28 or paid in or towards repayment of any money so issued.

The Board has to prepare accounts which are to be audited by auditors appointed by Govt.

Miscellaneous Provisions
(Clauses 30- 34).

26. The following miscellaneous matters have been provided in the Bill:-

- (1) Revision by Govt. of the maxima prices authorised under the license for supplies, other than supplies in bulk to other licensees, with the consent of the licensees, regard being had to any change in the cost of electricity to the licensee attributable to this Bill;
- (2) Repeal or limitation of a special Act, if any, authorising power companies to make good any deficiency in any previous dividends which have fallen below the prescribed standard rate of dividends.
- (3) Adoption of Bombay Civil Service Regulations by the Board, if it thinks fit, for its employees.
- (4) Felling and lopping of trees and hedges obstructing electric lines.
- (5) Retention of powers by a Railway, Muncy. Local Board and Govt. Deptt. of rebuilding, altering, widening or repairing the structure of any bridge upon which any work authorised by this Bill is constructed, their liability remaining the same as before the passing of this Bill.
- (6) Supply of electricity by owners of one Railway generating station to the owners of another Railway generating station with the consent of Govt.

27. The grid system is a rural scheme intended to be taken up for providing employment to number of technically trained men who will be released from Defence Forces and War Industries pending reorientation of Indian Industry. Both A(R) and A(E) consider that the first and immediate step is to get the Bill prepared to obtain a complete idea of the difficulties.

28. Neither the El. Engr. to Govt. nor the Director of Industries has pointed out any difficulties. The main principles

embodied in the Bill are -

- (a) Establishment of the Central Electricity Board with a Chairman and six members appointed by Govt. but not responsible to it (vide para. 5 above).
- (b) Preparation and adoption of schemes by the Board - (vide para. 8 above).
- (c) Centralisation of the control of electric supply in the hands of the Board - (vide paras. 9 and 10 above).
- (d) Complete control of the Board over the matters connected with the generation and supply of electricity in the case of the licensees falling within the areas specified in its schemes, sufficient provisions having been made to safeguard their financial interests - (vide paras. 11, 12, 13, 15 and 16 above).
- (e) Authorisation of the Board to acquire land - (vide para. 21 above).
- (f) Borrowing of the money by the Board and guarantee by Govt., in such manner as it thinks fit, the payment of either the interest or the principal of any loan or both - (vide para. 25 above).
- (g) Repeal or limitation of a special act, if any, authorising power coys. to make good any deficiency in any previous dividends which have fallen below the prescribed standard rate of dividends - (vide clause (2) of para. 26 above).

29. It is necy. to see whether there will be any difficulty in implementing the bill on account of the terms of the existing individual licenses. Clause 16 of the Bill is intended to obviate any difficulty arising in this respect. However, it is feared that there will be any strong protests from the licensees especially from the major concerns like Tatas, B.E.S. & T. Coy., A'bad Electric Supply Coy. and others as they will lose their right of independent action and would more or less become subordinate to the Board.

Attention is invited to the opening portion of para. 3 of the u. o. r. from the El. Engr. to Govt. within. The Board will not be responsible to Govt. Besides the idea seems to be to work the grid system with hydro electric power and to combine the electric scheme with irrigation as far as practicable. In the circumstances it seems necy. that Govt. should exercise check over its activities through the provisions of the E.E. Act, 1910 and the I.E. Rules, 1937 even though provisions for the financial control have been made in the Bill - (vide para. 25 above).

30. For the reasons given in para. 4 of the u.o.r. from the El. Engr. to Govt. on pp. 97 & 98 ante financial aspect of the scheme cannot be envisaged at this stage. In this connection attention is invited to the concluding para. of A(F)'s note within and para. (10) of the G. of I., Defence Deptt., letter No. F.19(8) MPA/43 dated the

9th August 1943.

31. For the duration of the war ~~of~~ the legislative programme of this Govt. is be restricted to such measures as are "essential" for the work which is directly related to the war effort etc. (vide para.1 of the Governor's Secy's Memo No86, dated the 1st October 1942). The Bill can be classified as "essential" vide the opening sentence of para. 28 above.

32. The R.D., the G.D., and the F.D. may in the first instance, be requested u.o. to offer remarks from their respective points of view so far as they are concerned. The R.L.A. may also be requested to examine legal implications of the Bill with ref. to the I.E.Act, 1910 and I.E. Rules, 1937. His attention may be invited to para.3 of the El.Engr's u.o.r. within and para.29 above.

33. The R.D. has requested this Deptt. to prepare a list of tentative schemes for post-war reconstruction and to submit it to Govt. for approval and get it passed by the 15th Oct. 1943. All the Deptts. and the R.L.A. will, therefore, kindly treat this case as very urgent.

Id/-

Id/-

29-9-43

30/9

Id/-

2/10/43

2272/36
24752

Very Urgent.

*
u. o. r. to the R.D. the G.D., the F.d. and the R.L.A. (in succession) dt. 5th Oct. 1943.

*with the Bill.

Rev. Deptt.

Presumably the papers have been referred to this Deptt. with reference to paras 21 and 27 of the P.W.D. note dt. 29-9-43. This Deptt. has no remarks to offer. The papers may be passed to G.D.

Id/-

6-10-43

Id/-

6-10-43

Id/-

6-10-43

Secy.

*with the Bill.

*
u. o. r. to G. D. dt. 6-10-43

General Department.

Please see paras. 22, 26(5) and 27 of the P.W.D. office note dated the 29-9-43, and the proceedings referred to therein. The Grid system is more or less a rural scheme and the actual work in that connection will therefore be in rural areas. This Deptt. is interested in the scheme in that it will make electrical energy available to industries at very cheap rates. This Deptt. is also interested in it as a measure of post-war reconstruction as it will provide employment to a number of technically trained men who will be released from Defence forces and war industries after the cessation of hostilities. It will be seen from para. 28 of the P.W.D. office note dated the 29-9-43, that no difficulties have been indicated either by the Electrical Engr. to Govt. or the Dir. of Industries as regards the working of the Scheme.

The Bill has been drafted by the Electrical Engr. to Govt. in consultation with the Dir. of Industries. It is not therefore necessary to show the papers u.o. to the latter who must have taken into consideration the view point of the Industries Deptt- while drafting the Bill, The Bill will also be scrutinised by the R.L.A. from the legal point of view. In the circumstances this Deptt. has no remarks to offer on the Bill in question. The P.W.D. may however be requested to submit the papers to A(E) for information, in due course.

2. The papers may be passed on to the F. D.

Id/-

7-10-43.

Id/- (Thro A & C)

7-10-43

u.o.r. to F.D. dated 11-10-43.

I took this to Delhi in the Electricity C'tee meeting.
I am ^{noting on the} ~~nothing on his~~ meeting on the file concerned, but in the meantime this may go on to F.D. for ^{routine} ~~continue~~ Examination.

2. Probably R.L.A. need not scrutinise until we have come to some conclusion whether we intend to proceed with the scheme now.

29/10/43 Id/-

By G.R., P.W.D., No. 2272/36, dated 27-7-1938, Govt. appointed a committee consisting of the El. Engr. to Govt. and the Dir. of Industries for the purpose of making a joint survey of the entire power resources of this Province with special reference to the possibility of establishing big central thermal and hydro power houses to generate electricity at cheap and economic rates and to put up a grid system interlinking the various power houses in the Province to make electrical energy available, both in urban and rural areas, at cheap rates and to submit their joint report as expeditiously as possible. The Committee, it appears, submitted their report in the latter part of 1940.

2. It appears from these papers that the Committee recommended (1) the adoption of a grid system for this Province in order to make electricity available in most of the urban and rural areas at low rates, and (2) the establishment of a board called the Central Electricity Board. For the establishment of a Central Electricity Board it is considered necessary to undertake legislation to give it a legal status.

3. Please see A(F)'s note dated 26-10-42. The El. Engr. to Govt. has submitted a draft Bill for the approval of Govt. and the following remarks are offered on the sections thereof with which F.D. is concerned.

4. Section 3 - Constitution of the Board. - This section provides for the establishment of Board consisting of a Chairman and six other members appointed by the Govt. The Board shall have power to appoint a Secy., a Chief Engineer, and such other servants as the Board may determine, and the members, officers and staff will be paid salaries, allowances, etc. as the Board may determine. This means that the Board will have absolute power in determining the conditions of service of the staff and the remuneration of the members. Govt. will not have any say in the matter. The payments are to be made out of a fund to be specially ^{with no question} created ~~for the purpose~~ (vide section 25 also). But as ^{similar} under section 28, Govt. is required to guarantee the payment of interest and principal of any loan proposed to be raised by the Board, it seems desirable that the Board should be subject to the General control of Govt. This, however, is a matter of policy and is for Govt. to decide.

5. Section 13 - Tariff for electricity supplied directly by the Board to licensees. - It is provided in this section that the price of electricity should be so fixed as to secure that "receipts on income account shall

be sufficient to cover the expenditure on income account, including interest and sinking fund charges, with such margin as the Board may allow".

This would mean that the Board will fix the price so as to allow for repayment of loans which it will have to raise - vide section 26. Apparently the Board will see that the margin of profit would be enable it secure for it sufficient funds to build up a reserve fund and/ or liquidate its liabilities or secure a share in the capital (or assets) of the Board.

6. Section 25n- Expenses of the Board - does not call for any remarks.

7. Sections 26, 27 and 28:- Under section 26 it is proposed that the Board should be empowered (i) to borrow to the maximum of rupees seven crores and (ii) the maximum period of repayment within which the amount borrowed with interest should be sixty years. In view of this, as pointed out in para 5 above, it is desirable that the price of electricity should be so fixed so as to include expr. on instalment also of loan referred to above. Section 27 does not call for any remarks. Section 28. As explain in para 4 above the Board should be subject to the general control of Govt.

8. Section 29- Accounts and audit.

Sub-section (2) of this section reads as follows:-

"(2) The accounts of the Board and their officers shall be audited
It is presumed that 'officers' is a typographical mistake for 'offices'
P.W.D. may consider.

9. Section 31. This allows the Board to adopt the provision of B.C.S. Rules for its employees, if it think it fit. Please see in this connection para 4 above. If the Board is to be given full powers, this provision appears superfluous. It is however only permissive and there is no objection to retain it.

Id/-

15 4&7-11-43.

Id/-

18-11-43.

S.K.P.

17-11-43.

The draft Bill has been summarised in the P.W.D. note (pp. 110-116 ante) and the salient features of the Bill are stated in para. 28 of that note. It will be seen from the provisions of the Bill that the Central Electricity Board to be created will be an autonomous body almost entirely free from Government control. The main powers reserved to Govt. under the proposed bill may be stated below:-

(1) The Chairman and the members of the Board will be appointed by Govt. and their salaries or fees and allowances will be determined by Government (S.3(1) and (9));

(11)

I don't think
it is so
Id/-

(ii) Government may make regulations sanctioning exceptions and modifications in the application of the Indian Electricity Act 1910 to the Board who shall be considered as licensees under that Act. These regulations must be laid before both the Houses of Legislature (S.19).

(iii) The Board shall submit an annual report of its proceedings during the preceding year to Govt. in such form as Govt. may prescribe and shall furnish to Govt. any returns and statistics that Govt. may require (S.24).

(iv) The Board will be authorised to borrow up to Rs.7 crores with the sanction of Govt. and subject to such regulations as Govt. may prescribe in this behalf (S. 26).

(v) The accounts of the Board will be audited by auditors to be appointed by Govt. (29).

(vi) Govt. will have powers under various Sections of the bill to safeguard the interests of licensees etc. by settling disputes between them and the Board or by appointing arbitrators for that purpose.

It is obvious however that under the provisions of the bill as it stands Govt. will have no voice in the adoption of schemes for grid system or their execution, and Govt. will have no control over expenditure incurred by the Board. The question of control that Govt. should exercise in these matters is, as has been stated in the o.n. one of policy on which orders of Govt. are necessary. It is, however, submitted that since matters involving adoption of nations-wide schemes are at issue Govt. should have an effective voice in the shaping of board policy on which these schemes should be based. Furthermore since Govt. will guarantee the loans to be raised by the Board it is desirable that Govt. should have some control on expenditure of funds, specially in so far as large items of expenditure are concerned. The following tentative suggestions are offered to achieve this control:

(1) Though the Chairman and the members of Board will be appointed by Govt. the persons so appointed will be independent of Govt. and view of Govt. will not be represented on the Board. It is suggested that Govt. should have some representation on the Board and that the Secretary to Government in Finance Deptt. and the Secretary to Govt. in Public Works Department (or the Director of Industries) should be appointed ex-officers members of the Board.

Incidentally it may be mentioned that the bill does not contain any provision regarding the termination of appointment of the Chairman or any of the members of the Board if they are found mentally, physically or other-

*p.45B.Slip D.

also unfit to hold the office. Provisions of this nature have been made in respect of the appointments of the Advocate General (S. 55(3) of the G. of I. Act and Rule 4 of Law Officers (Conditions of Service Rules)) and the Chairman and the members of the P.S.C. (Rule 7 of the Bombay and Sind P. S. C. (Conditions of Service) Regulations). Similar provision may, it is submitted, also be made in respect of the appointments under consideration.

(2) Section 6 of the Bill pertains to the preparation and carrying out of schemes. It may perhaps be laid down that the schemes adopted by the Board shall be approved by Govt. before they are published under S.6(2) of the Bill.

Any alteration or extension of the scheme may similarly be approved by Govt.

(3) To safeguard the finances of the Board and to achieve an effective control over the rate of expenditure further provisions on the following lines may also be made in the bill:

(a) It may be laid down that the annual budget estimates of the Board shall be approved by Govt.

(b) Under S.3(9) of the bill the Board has unlimited powers to create posts of officers etc. and to fix their salaries and allowances. It is submitted that some Govt. control in order to prevent a possible misuse of these powers is necessary. The Board may therefore be required to obtain Govt. sanction to proposals to create posts the scales of pay of which extend up to or beyond Rs.1000 p.m.

(c) S.31 permits the adoption of the B.C.S.Rs. for the employees of the Board. If these rules are not adopted, the conditions of service which may be prescribed by the Board and any material modifications liberalising these conditions should be approved by Govt.

(d) Some control also appears to be necessary in respect of proposals involving very large expenditure. It may be observed in this connection that in a S.93 constitution, in accordance with the existing financial arrangement, the sanction of the Governor General is necessary in regard to new items of expenditure exceeding Rs. 25,000 recurring and Rs.1,00,000 non-recurring. It would, therefore, not be unreasonable to prescribe similar limits for the purposes of Govt. approval in respect of new items of expenditure sanctioned by the Board.

except that specific
financial provisions
borrowing capacity
Rs.7 crores---will
course require scrutiny
at a later stage
Id/-

From the F. D. point of view the other provisions of the draft bill
*
appear to be in order and do not seem to call for any remarks.

Incidentally it may be mentioned that sub-clause (b) of S.33 of the

Bill.....

Bill)p. 21 slip A) as it stands does not seem to be intelligible. If
Informal inquiries from the P. W. D. show that certain words (shown in
pencil in the margin) have been omitted. The P. W. D. may kindly verify
this statement

Id/-

15-1-44.

Id/-

- 15/1

u.o.r. to P. & S.D. dated 17-1-44.

I have tried to see if there are any Acts which could serve as a guide for the purpose of judging what control Government should exercise in concerns of the nature under consideration. The grid systems in U.P. and the Punjab -admittedly of a smaller scope than the one envisaged in these papers - are, I understand, owned entirely by Government. It has not been possible for me to obtain the details of how the systems are administered in these provinces but it is obvious that they cannot form a basis for comparison. The only Act which is of help in this connection is the one suggested by A(R), the Bombay Port Trust Act 1879 . This Act contains provision for sub-ststantial control by the Central Government over the affairs of the Port Trust. The important provisions of this nature are summarised below:

(1) Administration

(a) The previous sanction of the Central Government is necessary for every order or regulation made by the Board with regard to the appointment and the conditions of service of the following superior officials of the Board :

Deputy Chairman, Chief Engineer, Railway Manager, Secretary, Chief Accountant, Deputy Conservator, Docks Manager, Manager, Lands and Bunders Departments, Controller of Stores and Consulting Engineer to the Board (S. 24).

(b) The scales of tolls, dues, rents, etc. are to be approved by Government (S. 43B)

(c) The Rules and Bye-laws framed by the Board shall have the approval of Government (SS.42E and 74).

(2) Financial

(a) The budget estimates of the Board must be submitted to the Central Government for approval and must be amended in accordance with the directions of the Central Government. The approval of Government must similarly be obtained to supplementary estimates (SS.54 and 55).

(b) The Board cannot spend an amount exceeding Rs.5000/- not provided in the estimates approved by Government except in cases of "pressing emergency". If the amount is so spent the circumstances of "pressing emergency" which necessitated the expenditure and the way to cover it should be reported to Government (S. 56).

(c) The audited accounts of the Board should be submitted to Government twice a year (S. 58).

(d)....

(d) The Central Government can compel the Board to increase its rates if it appears to Government that sufficient provision has not been made by it to meet its liabilities (S. 60).

(e) In the event of failure on the part of the Board to pay the interest due from it, Central Government may appoint officers to collect all the rates and taxes and to utilise the amount towards the payment of the interest (S. 60).

(f) The Central Government shall prescribe the Bank in which and the conditions subject to which the funds of the Board should be invested (s.60A).

(g) The plan and estimates of any new work costing more than Rs.2 lakhs must be approved by the Central Government before the commencement of the work (s.68).

(h) The previous sanction of the Central Government shall be obtained for raising a loan. A sinking fund should be established for the repayment of the loan the balance in the fund should be examined by Accountant General every year and any deficit recouped by the Board (SS. 39, 41A and 41B).

It will be seen from the provisions summarised in above that the safeguards etc. suggested by me ~~in my note of 15-1-44~~ in ~~my note of 15-1-44~~ are not more stringent than those existing in Bombay Port Trust. On the contrary, the financial powers of the Port Trust are very limited and they cannot incur an expenditure of more than Rs- 5000 unprovided for in the budget without the prior sanction of the Central Government. Under the circumstances, the limits of for non-recurring suggested by me would probably appear too high and it is for consideration whether the limits of Rs. 10,000 and Rs- 50,000 for recurring and non-recurring expenditure respectively would not be more appropriate.

The presence of the two official Government nominees on the Board need not, I submit, trammel its activities. The Board would on the contrary have benefit of their considerable administrative and district experience; and while they need not commit Government in regard to matters where specific sanction of Government is necessary without fuller examination of the proposals in the Departments concerned, they would present Government's views on the matters of general policy.

I have also had an opportunity to examine the draft Bill in conjunction with the British Act on which it is almost entirely based and would invite attention to the following material points which deserve consideration.

ation:-

(1) S. 7(2) of the draft Bill provides --

"Where the Board takes over a generating station under this section, they may carry out such extensions or alterations thereof as are required by the scheme or as they think fit. "

The section does not however state the circumstances in which the Board may take over a generating station. This section corresponds to section 5 of the British Act which provides that, if owners of any such stations are unwilling to carry out such arrangements as are specified in that section, the Minister of Transport may empower any other person (including an authorised undertaker) and failing such a person may empower the Board to acquire the generating station at a price to be determined in accordance with the First Schedule of the Act. Furthermore it provides that the order of the Minister of Transport must be laid before ~~him~~ both houses of Parliament. Section 7 of the draft Bill, as it stands at present, is not clear regarding the procedure to be followed and it appears that further clarification is necessary.

(ii) S.13 of the draft Bill lays down that the tariff should be "so fixed that over a term of years to be approved by Government the receipts on income account shall be sufficient to cover the expenditure on income account, including interest and sinking fund charges, with such margin as the Board may allow." Under S.11 of the British Act both "the term of years" and "the margin" are fixed by the Electricity Commissioners. As the powers of the Electricity Commissioners in England are in most cases proposed to be exercised by Government under the draft Bill I suggest that "the margin" should also be fixed by Government and "Government" ~~is~~ substituted for "the Board" in the ~~above~~ above passage. This would also give Government a more effective financial control.

(iii) S. 28 of the draft bill which corresponds to S.29 of the British Act pertains to the power of Government to guarantee loans to Board. While clauses (2) (3) and (4) of S.29 of the British Act contain provisions regarding the payment of the dues on account of the loans by the Treasury in the case of default by the Board and the recovery from the Board of the amounts so paid by the Treasury the draft bill is silent on these points. The omission appears to be material and provisions similar to those contained in the British Act appear to be necessary.

Id/-

7-2-48

The position is that Government has decided to proceed with the Grid System and it is therefore necessary to enact ^R legislation as soon as possible. At this stage, therefore, Advisers and H. B. have to approve the intention to prepare a Bill and the general lines on which it is to be drafted.

2. A perusal of the draft prepared by the Director of Industries and Electrical Engineer will show that it is a complicated affair embodying verbatim where possible the English Electricity (Supply) Act 1926. Its phraseology is not generally that of Indian Acts and there are also a large number of points to be settled, particularly as to the extent of Govt. control. Some delay is therefore irritable.

3. As to the more important points arising at present:-

(i) I agree generally with Dy. Secy. F.D. on the subject of Govt. control, but I adhere at present to my opinion that, if the other suggestions for control are provided for, it will not be necessary to nominate any Govt. officials on the Board. These officials, at any rate Secy. F.D. will have little knowledge of the subject and I think their presence as members is more likely to hinder the work and make for delay. The Board will be meeting constantly to decide the most important issues and I do not think the two officials would have the time to master the various schemes and details so as to make any useful contribution.

(ii) Clause 3 of Draft Act re Constitution of the Board. This as drafted contemplated full and ^P part-time members. On other papers we have since reached the tentative conclusion that, as part-time members ~~may~~ by comparison with e.g. Port Trust) would probably be closely connected with electrical concerns, it would be better to have a Board with a smaller number of whole-time members paid as such and have also a non-official Advisory Body which could include persons connected with such concerns-- and that provision should therefore be made for a Board of not less than 3 or more than 6 persons and also an Advisory Body. We should start with 3 and add as the work developed. This may be approved at this stage.

(iii) Clause 5. I do not fully understand this or see its necessity. Its necessity can be considered when the Special officer is appointed.

(iv) Clause 6 (e). I do not fully understand that part of the proviso which reads 'a generating Station belonging to any other owners shall (not) without the consent of the owners ~~xxx~~ be included in the Scheme', as this might give option to e.g. Tatas not to come in. This can be elucidated in due course.

(v) Clause 14. I am not clear about the proviso, as I imagined that the Act would, if necessary, over-ride contracts, e.g. contracts made by Tatas with Mills in Bombay. This too can be elucidated.

(vi) Clause 25. 'including payment to the Govt. of any expenses and liabilities incurred by them before the commencement of this Act!.

I do not know whether this will cover expenses incurred on the Special officer and his staff, or whether the words 'before the commencement of this Act' mean the period from the time of passing the Act until it is actually applied. The matter is of importance, as we shall incur heavy cost during the period in which the Special officer and his staff are functioning while the Act is being drafted.

4. I have written this note without the assistance of Mr. Advani who would probably have been able to explain some of the clauses on which I am doubtful. I contemplate that when he or any other special officer is appointed, one of his duties will be to be in constant touch with R.L.A. for drafting of the Act.

5. I suggest therefore that general approval to drafting

of the Act subject to any remarks on the general points I have raised

Publication for objections
of course involved. It may be given, when the R.L.A. will be asked to take up the work with as
In addition I have
agreed to discuss the much urgency as possible.
Act when drafted
with the same non-
official members of
the industry, i.e. Tatas,
K.Nixon etc., before
it is published for
objections.

$\frac{9}{10/2/44}$

Id/-

10/2

A(E)

A(H) away

10-2-44

Id/-

A(F)

10-2-44

H.E. B.S.

These papers are returned to A(R) as requested.

Id/-

17/2/44

These papers may now be passed to R.L.A. to draft the Bill,

2. We now have to get on with the Scheme as urgently as possible and the promulgation of an Act at the earliest possible date is essential. We have in fact appointed Mr. Advani, as Special Officer to get on with the planning so as not to lose any time while the Bill is being drafted, and he will have also to engage an expensive engineering staff.

That.....

that part of my note which relates to clause 25 of the Bill as so far drafted referred to the expenditure we shall have to incur on that account.

3. I have told Mr. Advani that part of his work as Special officer will be to keep in constant touch with R. L. A. so as to advise R.L.A. from time to time of the practical objects we wish to attain in the various clauses of the Bill, since R.L.A. like myself may find this difficult to grasp.

4. I would be grateful if R.L.A. could discuss at his early convenience so that we could estimate how long may be required to draft the Bill.

Id/-
17/2/44

R. L. A.

4 printed copies of the proposed Electric Grid bill should be sent to Secretary, Legal Deptt. in Poona.

Id/-

7/7/44

Dep. Sec.

P.W.R.B. O.N.

Four copies of the ^{printed} ~~prescribed~~ draft of the Bombay Electricity (Supply) Bill, 1944, are put up below. They ^{se} may be sent to the Secy; L.D. in Poona.

Id/-
8/7/44

Id/-
8/7/44

u.o.r. to the Secy. L.D. in Poona
dt. 8-7-44

Confidential.

Office of the Adviser (R.&PWD)

Council Hall, Poona.

30th August 1944.

My dear Nelson,

Your letter of the 29th of August 1944.

Although the first draft of the Act is ready, it will still have to undergo further changes in view of concurrent legislation being involved on many points and consequent necessity of reference to the Government of India. When the final draft is ready I intend, as previously indicated and mentioned in your letter, to hold the meeting and show copies to the members.

As I think you are aware, we had to proceed in advance on the assumption that the Grid would mature by appointing a Special officer and putting the initial plans into force so as to secure priority for machinery. The notification in question was to secure further staff for the Special officer and not on the assumption that final decisions had been reached.

I am sorry for the apparent delay, but the Act, being the first of its nature in India, is proving a more complicated matter than was first expected.

Yours sincerely

P.S. Should you wish to see me, I hope to be in Bombay on 12th Sept. if not on 11th.

O/C

W. S. Nelson, Eng. Managing Director,
The Tata Hydro- Electric Agencies, Ltd., Bombay.

Id/-
30/8/44

(214 per.)

ATA HYDRO ELECTRIC AGENCIES LET.

TELEGRAPHIC ADDRESS,
"THEBAMCO."
TELEPHONE 26041.
BENTLEY'S CODE.

Bombay House, Fort.
Bombay, August 29, 1944

My dear Collins,

I am referring to the meeting held at the Secretariat on 5th January 1944 concerning the proposed "Bombay Grid Scheme". You will recollect it was stated that Government had not reached any final decisions in the matter and that this meeting was purely exploratory but that, when a draft bill covering the necessary legislation to bring the scheme into force was completed, copies would be furnished to those present at that meeting and another meeting held when we would be permitted to submit our views before the draft bill was published.

In this connection, our attention has been directed to the recent Notification on page 2047 of the Bombay Government Gazette of 24th August inviting applications for various posts for the "Bombay Electric Grid System" and from which it would appear that Government has now reached final decisions in the matter.

If this conclusion is correct, I would much appreciate it if you will kindly let us have a copy of the draft bill as soon as it is ready and allow us as much time as possible to study its provisions insofar as they may concern us before the next meeting is held.

Yours sincerely,

W. S. Nelson.

G.B.S. Collins, Esq.,
Office of the Advisor (R. & P.W.D.),
Council Hall,
POONA.

Confl.

(my dear)

Your letter of

Although the first draft of the Act is ready, it will still have to undergo future changes in view of concurrent legislation being involved on many points and consequent necessity of ^{reference} ~~response~~ ^{to} ~~the~~ ^{Govt} of India. When the final draft is ready I intend, as previously indicated and mentioned in your letter, to hold the meeting and show copies to the members.

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I am sorry to the apparent delay, but the Act, being ^{the first} ~~no~~ list of its nature in India, is ^{proving} ~~permits~~ more complicated matter that was first expected.

After Issue. Secy.P.W.D. (I. & R) & Special officer schedule.

B.U. News.
19/7/56